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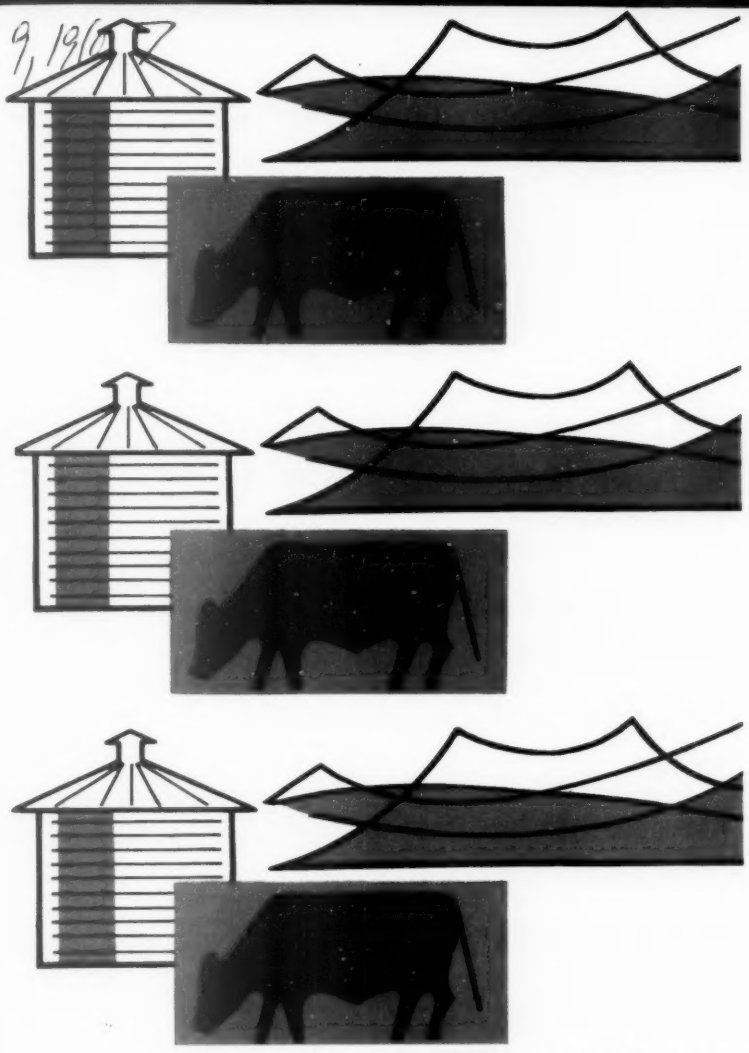

LIVESTOCK AND MEAT
IN THE KENNEDY ROUND

MOBILIZING AGRIBUSINESS
FOR WORLD WAR ON HUNGER

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FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

A WEEKLY MAGAZINE OF THE UNITED STATES DEPARTMENT OF AGRICULTURE
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FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

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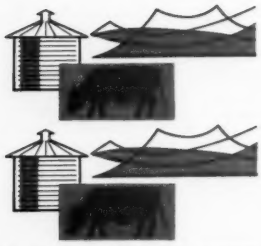

Like the cover, FOREIGN AGRICULTURE'S first story this week focuses on livestock; its theme is the outcome of the Kennedy Round for U.S. trade in the products of the livestock industry.

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In the Kennedy Round negotiations, the United States received duty reductions from its GATT trading partners on livestock and meat items valued at $132 million in terms of its 1964 trade; it granted duty reductions totaling $112 million.

The Kennedy Round and U.S. Livestock and Meat Products

The United States is traditionally one of the world's major importers of livestock items such as boneless beef and wools. Yet at the same time it is also one of the world's top exporters of livestock byproducts such as tallow, lard, hides and skins, and variety meats. It attended the Kennedy Round negotiations in both capacities.

Over the bargaining table, the United States faced other members of the General Agreement on Tariffs and Trade—particularly the European Economic Community, Japan, Canada, and the United Kingdom, the four principal U.S. customers for livestock items.[1] From these countries it sought concessions. At the same time, the major U.S. suppliers—Australia, New Zealand, Denmark, and Argentina—were seeking concessions from the United States.

When the negotiations ended, the United States had *received* concessions (duty reductions or bindings) on nearly all the value or the livestock and meat products it sold its GATT customers in the base year 1964 ($152 million, out of their total c.i.f. imports of about $157 million). Of these concessions, 86 percent—or $132 million—were cuts in duties. The four principal customers—the EEC, Japan, Canada, and the United Kingdom—accounted for over 90 percent of the concessions received, variety meats and tallow—principal U.S. exports—for over 70 percent.

One of the major disappointments in the Kennedy Round for the United States was the failure of the participants to negotiate better access for fresh, chilled, and frozen beef into major world markets such as the EEC. Although the United States does not have a large export interest in this kind of beef, freer access to other world markets is important for the U.S. livestock industry. Closed markets for beef elsewhere mean greater pressure from foreign suppliers on the U.S. market.

The United States *granted* concessions on only about a fourth of the $811-million value of its 1964 livestock and meat imports. It made no concessions on items worth $436 million—most importantly, fresh, chilled, and frozen beef and veal; the finer apparel wools; and feeder cattle. (Items worth more than $156 million, principally carpet wools and nonbovine hides and skins, were already bound duty free and not available for further concessions.)

Of the concessions the United States did grant, a little over half, or about $112 million, involved actual cuts in duties. The rest—about $109 million—were bindings (agreements not to raise current rates of duty or change duty-free status) with the binding of the duty on a single commodity—canned hams—accounting for $106 million. Over a third of the total concessions benefited less developed and semideveloped countries. Other major recipients were the EEC, Canada, New Zealand, the United Kingdom, Japan, and Denmark.

Concessions received by the United States

• *Animal fats and oils.* Concessions received by the United States on this commodity group totaled $77 million, of which those from three of its major trading partners—the EEC, Japan, and Canada—accounted together for $73.5 million; and those on one item alone, tallow, for $65.8 million. The EEC eliminated its 2-percent rate on inedible tallow ($28.3 million) and cut its rate on edible tallow ($8 million) from 10 to 7 percent; Canada reduced its 4-percent rate on inedible tallow ($28.9 million) to 2.5.

Concessions were also made on lard and related products by Japan, which eliminated its 5-percent duty on rendered pig fat ($6.2 million); by Canada, which cut its duty on lard and animal stearin ($1.7 million) to 1 cent per pound; and by Peru, which further reduced its duty on crude lard and rendered pig fat ($1.9 million).

• *Meats and preparations.* Concessions received by the United States on these commodities totaled $58.4 million in terms of third-country imports; those on variety meats alone amounted to $44.4 million and should further stimulate U.S. sales, which have expanded sharply in recent years. In an important concession, the EEC cut duties on variety meats by 35 percent to an average level of 13 percent, affecting $31.8 million in terms of 1964 trade. The United Kingdom made a 50-percent cut, to 10 percent, on $4.3 million worth of variety meats and bound its duty-free treatment on $8.3 million worth.

Canada cut its duty on fresh pork ($12 million) by 60 percent, to 0.5 cent per pound, thus equalizing U.S. and Canadian tariffs on this important border trade item.

• *Hides and skins.* Concessions received by the United States were valued at $8.7 million in terms of third-country imports. The principal ones involved elimination of the 15-percent duty in Israel ($1.1 million) and binding of the free rates in the United Kingdom ($4.4 million), Austria ($1.0 million), and Sweden ($0.9 million). However, with few exceptions other than these three countries, hides and skins generally enter major markets bound duty-free.

• *Live animals.* The United States received concessions on live animals—mainly from the United Kingdom and Canada—accounting for about $3.8 million in 1964 trade. The United Kingdom bound the free rate on horses; Canada eliminated its duty of $6.25 per head on horses and its low rates on dairy cows for breeding purposes, in reciprocal concessions. Argentina and Spain bound their duties on breeding cattle.

• *Raw wool and other animal hair.* Concessions received by the United States on products in this category were negligible; the United States is normally a net importer.

[1] Commodities covered in this article are live animals and certain live birds (excluding poultry); meats and preparations of beef, veal, lamb, or pork (including edible offals and variety meats); animal fats and oils; hides and skins; raw wool and other animal hair; and related products, such as bristles, gelatin, and sausage casings.

• *Other related products.* The United States received concessions on a number of minor products valued at $3.9 million. Products involved were such items as stomachs and tripe, sausage casings, bones, horn cones, tankage, and other miscellaneous animal products.

Concessions granted by the United States

• *Meat and preparations.* U.S. imports of these items were valued at $419.5 million in 1964. Concessions totaled $164.1 million and benefited principally Denmark, the EEC, Canada, and Argentina. On canned pork ($106.2 million, mostly hams from Denmark, Poland, and the EEC), the concession was a binding of the existing rate and not a duty reduction; thus it will have little or no effect on trade. On fresh, chilled, and frozen pork ($14.2 million, mostly from Canada), reduction of the duty to 0.5 cent per pound matches the Canadian rate for this important trade, in which U.S. exports normally exceed imports.

On canned beef ($25.3 million, mainly corned beef), a 50-percent cut in the duty may be of benefit to the supplying countries (Argentina, Paraguay, and Uruguay). However, the duty cut is not expected to affect imports, for the U.S. market for canned beef—and particularly for corned beef—appears to be relatively stable.

On fresh, chilled, and frozen lamb ($2.7 million, from New Zealand, Australia, and Canada), the duty was cut from 3.5 to 1.7 cents per pound. This reduction is not expected to result in substantially higher lamb imports, since demand for lamb in the United States is limited by greater consumer preference for other meats. In recent years, lamb imports have equaled only about 2 percent of domestic production.

Concessions of lesser importance involved cuts of 50 percent on sausages and other meat preparations and of more than 50 percent on meat extract. Also, the United States bound the free rate on horse meat ($2.6 million, mostly from Argentina and Canada).

No concessions were granted on imports of meat and preparations totaling $251 million. The major items were fresh, chilled, and frozen beef and veal (totaling $229 million); others were cooked beef (not canned), valued at over 30 cents per pound, certain pork products, and mutton and goat.

• *Raw wool and other animal hair.* U.S. imports of these commodities totaled $205.7 million in 1964. Concessions totaled $15.6 million and benefited principally Argentina and New Zealand. The major concessions involved 50-percent cuts in duties on specialty types of wool not finer than 44's ($15.3 million), which are not competitive with domestic wools. Other specialty (carpet) wools that already enter duty free ($90 million) were not subject to concessions. Neither were the wools finer than 44's ($87 million), which are dutiable on the average at 24 percent ad valorem. These are apparel wools supplied principally by Australia, New Zealand, and South Africa in competition with domestic wools. In addition, no concessions were granted on certain types of animal hair ($13 million) from Peru and Iran.

• *Live animals and certain live birds (excluding poultry).* U.S. imports of these commodities totaled $56.8 million in 1964. Concessions were granted on $8.8 million, principally benefiting Canada. The major ones involved cuts of slightly more than 50 percent in the duties on dairy cattle over 700 pounds (imports $3.2 million, practically all from Canada, which granted a reciprocal concession); horses valued at more than $150 ($1.1 million, mostly from Canada and Argentina); and other live animals ($2.7 million, of which $1.5 million was from Canada). A similar duty reduction on canaries valued at under $5 each affected primarily imports from Japan ($712,000) and the EEC ($468,000).

The United States granted no concessions on imports of live cattle totaling $51 million—mainly feeder cattle, supplied in 1964 principally by Canada and Mexico. The duty on these cattle remains at 2.5 cents per pound, or 11 percent ad valorem.

• *Hides and skins.* U.S. imports in this category were valued at $79.6 million in 1964. Concessions totaled $13.5 million and benefited principally Canada and the EEC. They included 50-percent cuts on calf, kip, and other bovine hides and skins ($10.5 million) and the elimination of the low duty on whole cattle hides ($1.8 million).

An additional $66 million in hides and skins, including sheep and goat skins and various specialty skins such as reptile, already entered duty free.

• *Animal fats and oils.* Concessions granted on animal fats and oils were negligible. The United States itself has traditionally been the world's largest supplier.

• *Other related products.* The United States granted concessions on other livestock and meat products valued at $19 million in 1964. The major ones involved a 25-percent cut in the duty on crude bristles ($11.1 million, mostly from the EEC and India) and reductions of about 50 percent for edible and inedible gelatin ($6.8 million, mostly from the EEC, the United Kingdom, and Australia).

No concessions were granted on commodities with a 1964 import value of $32 million, including sausage casings, bones, ossein, tankage, and crude animal hair.

Canadians Control Charolais Cattle Exports

The Canadian Department of Agriculture has placed an embargo on the export of imported purebred French Charolais cattle. This measure, taken on September 22, became necessary when it was discovered that some of the persons with government permits to import French Charolais cattle had transferred their permits to nonresidents.

Canadian officials were of the opinion that such transfers were defeating the aim of the government's import program, which was designed to provide Canadian breeders with new bloodlines previously unavailable to the industry.

The problem arose because the demand for import permits has been exceeding the space available at the Grosse Isle quarantine station ever since its construction in 1965, despite a doubling of capacity in 1966. Before 1965, imports of cattle from Continental Europe had been forbidden as a measure of disease prevention. The construction of quarantine facilities on the St. Lawrence River island, however, made it possible for imported animals to be held in quarantine and subjected to strict health checks.

The export embargo is intended to help insure that the Charolais imports are used for the benefit of the Canadian industry itself. It will control export sales of full-blooded breeding stock or the offspring of two fullblooded parents. Any crosses resulting from the use of such stock may, however, be exported.

Denmark's Changing Agriculture

Farms consolidate as trade patterns shift with EFTA and the EEC.

By IVAN E. JOHNSON
Foreign Agricultural Service

Denmark's agriculture continues to be a vital part of the country's total economy, but over the years its makeup has changed markedly. Farms are now fewer and larger, mechanization has shrunk the labor force, and rural populations are gradually migrating to the cities. But perhaps the most important changes for Denmark have been in its foreign trade patterns. Both the earnings and destination of agricultural exports are now determined by Denmark's position within the European Free Trade Association (EFTA) and outside the European Economic Community (EEC).

About three-fourths of Denmark's land area of 10.6 million acres is devoted to agriculture. A growing tendency towards consolidation has decreased the number of farms from a peak of 208,000 in 1946 to 166,300 in 1966, with an annual disappearance since 1960 of about 5,000 farms. Currently the number is estimated at around 160,000, and in the next 15-20 years it is expected this figure will be halved. Average size of farms now is about 44 acres, but as consolidation continues most farms will average between 75 and 220 acres.

Farm population decreasing

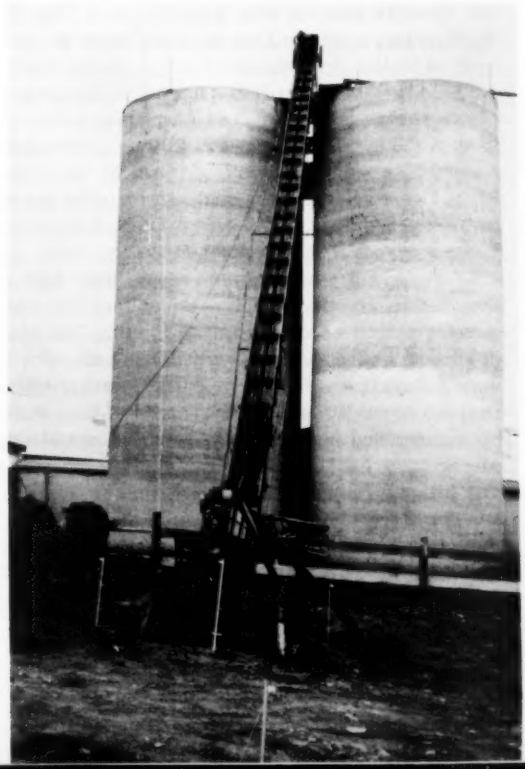
The cornerstone of farm production in Denmark is still the owner-occupied family farm (95 percent fall into this category), but the steadily dropping farm population may change this too. The 13 percent of Denmark's population that now lives on farms is only half what it was in 1939, and skilled farm workers only one-seventh.

The reduction in labor supply has particularly affected Denmark's cattle industry. More and more farmers in eastern Denmark—where migration to cities has been the greatest—are abandoning livestock production. In the western part, however, cattle herds have been increased in recent years. This has had the effect of shifting milk production away from the heavier consumption areas, but because of Denmark's size and its sophisticated transport and distribution facilities, supplies have been kept steady.

About two-thirds of Danish agricultural production moves into export, earning slightly over US$1 billion for the country in 1966. Fifty-three percent of these exports went to EFTA countries—the so-called Outer Seven—with the United Kingdom the major recipient. Twenty-six percent was exported to the EEC, principally West Germany and Italy. The remaining 21 percent was distributed elsewhere, predominantly in the United States and Eastern Europe.

Markets for Danish agricultural products have by tradition been established for specific commodities. The United Kingdom is the most important customer for Danish bacon and butter, taking 80-90 percent of the total export; and

Mechanization is helping Denmark's labor-short farmers produce to maximum levels. Above, supplier ready to start spreading ammonia fertilizer for a customer. Below, conveyor for filling silos; below left, typical Danish farmstead.



Mr. Johnson served as acting U.S. agricultural attaché in Copenhagen, Denmark, for the summer and has returned to his duties as Chief of the Foreign Marketing Branch, Livestock and Meat Products Division, FAS.

West Germany is the predominant market for cattle, cheese, and malting barley. Since the inception of Common Market tariffs in 1962, Germany has reduced its imports of poultry, eggs, and live cattle. The United Kingdom, Switzerland, and Austria have now become the most important market for Danish poultry meat. Canned milk and meat find principal outlets in markets outside Europe, the United States by far the most important.

Denmark's concentration of its outflow to two markets—Great Britain and West Germany—has a natural explanation in the markets' proximity to Denmark. There also were advantages in concentrating on two principal markets since Denmark was able to serve its customers more effectively and to build up efficient distribution channels. Dependence on them has also produced some disadvantages, however.

Western Europe's two trade blocs—EFTA and the EEC—each now harbor one of Denmark's two main markets. High, protective duties of the EEC have been particularly troublesome. These duties cover 90 percent of the farm products Denmark sells to EEC countries and have caused the share of Denmark's total exports which moves to these buyers to drop from 38 to 26 percent. Poultry and eggs have shown the major declines. Cheese exports to West Germany will meet with increasing difficulties due to increases in the threshold price, and there is concern that exports of cattle and beef to the EEC will also drop.

An eye towards EEC membership

Denmark has been able to expand agricultural exports somewhat to fellow members of EFTA because of trade liberalizations and special concessions, but there is little possibility for further expansion. And so far the agricultural trade buildup in EFTA has not been sufficient to offset losses resulting from Denmark's position outside the EEC. The country therefore has been carefully following the evolution of the EEC's agricultural policy since it will decide the degree of self-sufficiency to be achieved by the Community and the export possibilities for third-country suppliers. Danish farmers and farm organizations support European economic cooperation in the widest possible form, and membership in the EEC appears to be a must for Denmark if it is to fully participate in this objective.

Canada's Wheat: Production Down This Year, Exports Likely To Fall

In its first official forecast of the 1967 Canadian wheat crop, the Dominion Bureau of Statistics has estimated that this year's crop will total nearly 548 million bushels. The forecast was based on conditions as of August 15.

Although the crop expected is surprisingly large considering the drought during the growing season in much of Saskatchewan, it is well below 1966 production. Latest official estimate of 1966 production is 827 million bushels, down from the 844 million bushels previously estimated.

Growing conditions for 1967 crop

The prairie wheat crop for 1967 is estimated at 528 million bushels, compared with last year's 799 million bushels. Durum production is expected to reach 19.4 million bushels, after a 1966 crop of 28.4 million bushels.

At the begining of the growing season for the 1967 crop, soil moisture reserves were generally good. This plus cool weather permitted the crop in many areas to progress in spite of limited precipitation. Rainfall during April to mid-August was 47 percent below normal in Saskatchewan, 20 percent below in Alberta, and 12 percent below in Manitoba. Although seeding was delayed by cool weather, snow, and rain, progress was rapid during the last 2 weeks of May. The large equipment used today enables producers to complete seeding quickly, especially if it is operated 24 hours a day, as it was on many farms this year.

In drought areas, stands of wheat were light and the straw short. However, application of fertilizer and a cool growing season encouraged deep rooting. The plants that developed had good heads and filled well. Hot weather during August matured crops quickly, so harvesting progress was rapid. By September the bulk of the swathing had been completed in Saskatchewan, and a considerable part of the crop had been threshed in southern and central districts.

Exports to USSR down this year

It is likely that 1967-68 purchases of Canadian wheat by the USSR—the No. 1 customer—will fall below last year's. The USSR has contracted to purchase a minimum of 75 million bushels this year, down from 112 million bushels last year.

A sale contract has not been reached with Communist China—the No. 2 customer—for deliveries in the second half of calendar 1967, although some Canadian officials feel confident that it is just a matter of time before a sale will be finalized. However, with the larger world wheat supply—especially the supply in Australia—it is possible that sales to China will not equal the record shipments to that country in 1966-67.

Up to the middle of last month, interest in forward sales was at a low ebb, and export loadings for the 1967-68 crop had been disappointing. Shipments during the first four weeks of the current marketing year amounted to only 18.4 million bushels, compared with 30 million bushels during the same period in 1966.

Even with the assumption that China will make additional purchases, Canadian wheat exports this year likely will fall in the range of 450 to 500 million bushels.

Based on dispatch from GORDON H. LLOYD
Assistant U.S. Agricultural Attaché, Ottawa

Report on Kennedy Round.—A detailed report on the agricultural trade negotiations of the Kennedy Round, the sixth round of negotiations under the General Agreement on Tariffs and Trade, will be released this week by FAS.

With complete tables listing the concessions received and granted by the United States—by major commodity groups and by the major participating countries—the report gives a descriptive, quantitative picture of the results and does not attempt to evaluate the possible effects on future trade. It covers nearly all items of interest to agriculture, except for wheat and most feedgrains, which come under the International Grains Arrangement. For copies, request *Report on the Agricultural Trade Negotiations of the Kennedy Round,* FAS M-193, FAS, USDA, Room 5918-S, Washington, D.C. 20250.

Agribusiness Lines Up Its Resources for War on Hunger

American agribusinessmen, government officials, and educators sat around the conference table last month for a hard-facts talk about the role of the U.S. business community in solving the world food problem. The National Convocation on World Hunger, held in New York, September 11-13, zeroed in on the specifics—which nations are most needy; what kind of financing, technical know-how, and investment will help most; what foods are needed, when, and how much.

Earlier this year, American agribusiness was challenged to take a more active role in the War on Hunger (See *Foreign Agriculture* June 5, 1967, page 8). Picking up from there, speakers at this latest conference spelled out the problems, sharpened the objectives, and set up some guideposts. A few of their talks are summarized below.

The Role of Science and Technology

NEVIN S. SCRIMSHAW
Department of Food, Nutrition, and Science, Massachusetts Institute of Technology

"The present rate of application of technical knowledge to food production in the developing countries is obviously too slow and will remain so unless new elements enter the situation," stated Mr. Scrimshaw.

"Among these new elements must be greater progress in introducing effective family planning programs; in applying scientific and technical knowledge to increase the production of conventional foods; in reducing the enormous waste of food due to insects, rodents, and spoilage; and in developing new, unconventional sources of protein."

He said two approaches merit the highest priority in the problem of providing more protein. "One is the increased production of conventional plant, animal, and fish sources of protein by providing fertilizers, pesticides, improved animal breeds and varieties of seeds, appropriate farm equipment, training and extension programs, credit facilities, and all of the other measures responsible for the success of food production in the industrialized countries. This requires agribusiness resources not yet available in most developing countries. The other is the development and application of effective means of population control.

"...A third imperative need is for massive mobilization of resources and effort to reduce preventable waste, which amounts to well over 25 percent of the food produced in many developing countries."

Professor Scrimshaw added, "It will be absolutely essential to supplement conventional sources of protein with unconventional ones" such as fish protein concentrate, single cells, and oilseed meals. He cautioned, however, that the most promising and palatable new protein-rich foods will remain laboratory curiosities unless they are successfully produced and marketed.

"Low cost and immediate availability give oilseed proteins first priority in the development of new unconventional sources of edible protein to meet world needs. Fish protein concentrates merit second choice, since they are closer to achieving large-scale industrial production than single-cell protein and have been approved for human use. Single-cell protein deserves at least third priority. Despite formidable technical problems remaining, there is little doubt that wholesome and nutritious single-cell products can be developed and produced in almost unlimited quantities within a decade.

"However," Professor Scrimshaw said, "even at a conservative estimate, synthetic foods which meet protein requirements by supplying the proper proportions of essential amino acids are not likely to become significant before the end of the century. They are almost certain to be more costly to produce for a long time to come than the other new protein sources described. Thus, a crash program for the development of synthetic protein-rich foods is not recommended. However, fundamental research leading toward wholly synthetic foods should be modestly supported for its eventual contribution.

"I am convinced that the developing countries must be helped to help themselves primarily by the investment and know-how of private industry and the channeling of support through the international agencies of the United Nations family for education, professional training, basic research, and other activities requiring action and competence on the part of governments. The private sector and the public sector must each become as effective in developing countries as they now are in industrialized ones.

"The enhancement of governmental competence in the less developed countries can best be achieved by greatly strengthening existing international agencies through a major increase in resources from all the industrialized countries....It is particularly important that the actions of the U.S. Government and of U.S. agribusiness result in an improved capacity of the developing countries to feed themselves. Industry's vision and capacity for creative leadership will have a significant influence in determining whether the world will prosper or starve."

Useful Application of Seed and Chemicals

J. PETER GRACE, *President, W. R. Grace & Co.*

"If we are to make any kind of meaningful headway in this War on Hunger through increased food production, we are going to have to be very realistic and break down the problem on a country-by-country, product-by-product, unit-by-unit basis and so on," said Mr. Grace.

"We will have to work within the local economic and social framework and take care not to offend local sensitivities. Most importantly, we must adapt the new technology which has been developed in highly organized economies like the United States to conditions in underdeveloped countries that compare in some instances with those in the United States 25 to 50 years ago.

"There is a very keen awareness in our country that the prospect of worldwide hunger has to be averted. At the same time, it is well recognized that we need to have the cooperative efforts of governments and private enterprise in this endeavor. All of the technical know-how and the resources available in abundance in American private enterprise can and must be brought to bear upon this problem, but without favorable government attitudes and policies, particularly toward private enterprise, not too much can be accomplished. Certainly a great deal can be done in the

specific fields of fertilizers and seeds. But here again this is not merely a question of applying advanced technology in the manufacture and distribution of chemicals and seeds, but availability of a favorable climate in which to apply these very effective resources." Despite the obvious need for fertilizer in the War on Hunger, U.S. fertilizer plants are operating at less than capacity and the operating rate is expected to go still lower, according to Mr. Grace. "We now have excess fertilizer capacity at low cost available for the War on Hunger, and in this area our major problem is to encourage an increased use of fertilizers to make it possible for farmers abroad to buy it.

"The technology for increasing food production is available in abundance in private enterprise," Mr. Grace declared. "What is required is the proper climate in which these resources can be utilized to the fullest extent possible. It seems to me that there are certain guidelines that should be observed to create this kind of climate, and among these would be the following: There should be established a profit-motivated competitive system in the agricultural economies of the developing countries starting at the level of the farmer going down the entire chain right to the retailer....There should be more orientation in the price system toward the producer....

"The phenomenal yield gains in the United States are the result of a combination of fertilizers with improved seeds, herbicides, pesticides, and machinery, together with the managerial skills and capital necessary to carry through the operation. There is no shortcut around this total package approach for the food-short developing countries.

Mr. Grace listed some requirements for successful investment. "Given the right kind of price policies, technical assistance, and a favorable investment and trade climate for both local and foreign businessmen, I feel confident that the War on Hunger can be won."

Farm Mechanization and Food Production

E. F. CURTIS, *President, Deere & Co.*

"Farm machinery plays an important role in agricultural production, but the nature of this role is less well understood than its importance might indicate," stated Mr. Curtis.

"A major requirement of productive agriculture is power. Power in large quantities. Power to turn the soil—this is a tremendous periodic earthmoving job. Power to haul crops and materials from one place to another. Power to separate usable portions of crops from unusable ones. Productive agriculture really started when draft animals first began to supplement and replace human muscle power. But power is useful only when applied through tools and machines—in this case farm machinery and implements.

"Certain conditions are necessary," Mr. Curtis informed the agribusiness leaders, "if farm mechanization is to play an effective part in increasing food production in any country—a national economic atmosphere to provide adequate incentives; capital availability; transfer of know-how; implementation.

"I am convinced farm mechanization in all its stages will play an important role in helping to feed the world as it presently is doing in the developed societies and as it will soon be doing in selected lesser developed regions and eventually in all regions. The problem is pressing and time does not permit endless debate and discourse."

Business Opportunities in Less Developed Nations

Under Secretary of Agriculture JOHN A. SCHNITTKER

The only way the world food problem will be solved is if the developed countries, the developing countries, and private business pool their resources to get the job done, according to Mr. Schnittker.

The basic hope of developing nations for increased wealth must remain their largely untapped soil and human resources. Agricultural inputs remain the single most important factor in spurring overall economic development in many countries.

"For the American agribusinessman the potential market for these inputs ought to pose a most stimulating challenge. Last year American farmers spent $600 million for improved seed. India, with a slightly larger area in crops, represents a potential market of comparable size. The entire less developed world, with a cultivated area roughly five times that of the United States, represents a potential market for seed alone that should stagger anyone's imagination.

"The developed countries use some 12 million farm tractors; the developing countries less than a million. The developed countries use some 35 million tons of fertilizer a year, but the developing countries use less than 5 million tons."

Under Secretary Schnittker said he is aware of the difficulties agribusiness has encountered in expanding its investments to the less developed nations. "But," he told the delegates, "the picture is changing. The attitude and policies of the developing countries toward outside investment is becoming more favorable, and this change seems likely to accelerate.

"What kind of additional incentives will it take to increase agribusiness investment in the developing world?" he asked. "Will it take only a little more encouragement to get private business to do the daring, challenging, enterprising—and eminently successful—things in India, for example, that it has done in America?" According to Mr. Schnittker this is all that is needed, because "the mood in the developing nations has changed. India is encouraging the building of fertilizer plants. Pakistan is beginning to import fertilizer in addition to wheat.

"Many of the less-developed countries are already demonstrating that the War on Hunger can be won through a combination of scientific research and producer incentives."

In the face of widespread protein hunger, the world has a relatively large unused supply of protein in the form of cottonseed, peanut meal, and soybeans, according to Mr. Schnittker. "We can increase the protein intake of the malnourished in two ways: Make the current supply of grain more nutritious by fortifying it with synthetic amino acids such as lysine; this will improve the protein content enough to provide a nutritious diet for grain-eating peoples. Construct new foods, using low cost protein sources—oilseeds such as cottonseed, peanut meal, soybean meal, or perhaps fish protein concentrate.

"The know-how, the raw materials, the market for new protein foods are all available," Mr. Schnittker said to the delegates. "What is lacking is the commercial catalyst necessary to make the potential a reality. This is the role the businessman must play."

Wheat, Feedgrain, and Rice Teams From Top U.S. Markets See U.S. Grain-Producing Areas

The United States is currently playing host to seven grain teams from five countries touring American farms, flour mills, feeding areas, ports, and grain distributing facilities and meeting with U.S. government officials. An eighth team will be arriving next week.

Their visits are backed by cooperator organizations and FAS as part of a joint effort to expand markets for U.S. grain. The tried-and-true market development technique of team visits serves to familiarize foreign buyers and users of American wheat with U.S. suppliers and the American way of producing, processing, and marketing grain.

Seven German agricultural educators, feedgrain manufacturers, and government advisers—on of four teams brought to the United States by Feed Grains Council and FAS—have just wound up a 3-week tour. They saw harbor facilities in New Orleans, milling companies in St. Louis and Kansas City, and feedlots and corn-producing areas of Nebraska.

A group of Danish and British dairy specialists and a British journalist—who, like the Germans, represent large users of U.S. feedgrains—are now midway on a tour of U.S. dairy plants. The team is seeing large commercial dairy units and studying new trends in dairy nutrition and management in the northeastern and midwestern States. Their observations could be particularly helpful to the expanding dairy industries of their two countries.

The rapidly growing market for U.S. feedgrains in Italy may receive a boost from a visit of 10 Italian beef specialists, just completing a 3-week observation of U.S. feedgrain production and feedlot areas throughout the Midwest and Southwest.

A similar itinerary was followed by a team of Italian swine specialists. Their trip was highlighted by visits to commercial hog farms producing crossbred stock. The Italian swine industry is a relatively new market for U.S. feedgrain since fresh pork has only recently become a popular table meat for Italians.

Each year, Western Wheat Associates, USA; Great Plains Wheat; and FAS sponsor two separate U.S. tours for wheat industry executives and government officials from Japan—the No. 1 foreign market for U.S. wheat. The teams see flour mills, grain elevators, and distributing facilities.

The government team is currently halfway through its tour. The team of flour milling executives, which left for Japan last week, represents individual mills which grind more U.S. wheat than any other mills outside the United States.

Now midway in a tour of U.S. rice-producing areas is a 4-man Japanese rice team. So far the group has seen the Ports of New Orleans and Houston and a rice research station and is on its way to mills and processors in the South. The German team, which will arrive next week, will follow the same itinerary.

Both groups of rice industry and government officials were by the U.S. Rice Council and FAS.

Australia's Wheat Markets

A mission from the Australian Wheat Board has just completed a 6-week world tour to expand sales of wheat in a number of traditional and potential markets. The delegation visited South Africa, Rhodesia, Zambia, the United Kingdom, continental Europe, Tokyo, Hong Kong, and Taiwan, most of which buy U.S. wheat.

A major reason for the tour was to assess the advantages of transshipping wheat at overseas ports, which allows for some savings in freight costs and permits smaller individual shipments of wheat.

The redistribution of wheat shipped in 35,000-ton tankers by subsequent transshipment from Rotterdam or Amsterdam is expected to attract buyers of less than cargo lots in continental and U.K. markets.

Transshipment has already resulted in a built-up demand in West Germany, the Netherlands, Belgium, and Switzerland for Australian prime hard wheat from northern New South Wales and Queensland. During the current marketing season it is expected that about 6 million bushels of prime hard wheat may be placed there.

Rice Seminar in Peru

A recent seminar to discuss the production and marketing of rice in Peru brought together officials from the Iowa-AID mission to Peru, the Peruvian Rice Producers' Association, the Food Supply Corporation (CONAP), and a number of other private and governmental organizations with an interest in rice output.

The 2-day parlay focused on methods for increasing Peru's rice output by supplying technical assistance to farmers, improving the marketing system, raising prices, and restricting imports of rice to 20 percent of domestic production.

Forecasts for the 1967-68 rice harvest in Peru are optimistic—210,000 to 240,000 metric tons, up 17 percent from 1966-67. To meet domestic demand, however, the country will likely need to import at least 60,000 metric tons of milled rice.

In the 1966-67 marketing year, ending May 3, 1967, Peru imported 80,000 metric tons of rice. Of this quantity, 48,000 metric tons, or 60 percent, were from the United States. Brazil supplied 22,000 metric tons and Venezuela the remainder.

U.S. Poultry on German TV

Television viewers in Germany recently saw a 6-minute spot on a daily variety program suggesting how they might set up a home barbecue to grill and bake U.S. poultry in their own backyards.

The short segment, titled "Vacation at Home" was produced in cooperation with the Institute of American Poultry Industries as part of its market development program for U.S. poultry in Germany.

A German chef sang the praises of U.S. chicken and turkey, then demonstrated how the parts could be charcoal grilled with barbecue sauce or baked in their own juice.

The promotion was part of the 35-minute television show *Drescheibe* (Spinning Disc); this particular program was rerun 2 weeks later. A national research organization has estimated that *Drescheibe* reaches an average viewing audience of 2.5 million people.

The German housewife is a prime target for poultry promotion. Rising incomes, reasonable prices, and increased availablity of poultry have encouraged her to buy it often.

Meat Imports Subject to Quota Up in August

U.S. meat imports subject to provisions of the Meat Import Act (Public Law 88-482) totaled 92.2 million pounds in August 1967—up 6 percent from the same period a year earlier when imports were 87.1 million pounds. Meat imports for the first 8 months of 1967 at 558.6 million pounds were up 6 percent from the 525.1 million pounds for January-August 1966.

U.S. IMPORTS OF MEAT SUBJECT TO MEAT IMPORT LAW (P.L. 88-482)

Imports	August	Jan.-Aug.
	Million pounds	*Million pounds*
1967:		
Subject to Meat Import Law [1]	92.2	558.6
Total beef and veal [2]	100.0	608.2
Total red meat [3]	129.7	859.9
1966:		
Subject to Meat Import Law [1]	87.1	525.1
Total beef and veal [2]	96.3	555.7
Total red meat [3]	120.3	818.5
1965:		
Subject to Meat Import Law [1]	59.9	376.4
Total beef and veal [2]	69.8	432.0
Total red meat [3]	96.2	625.4

[1] Fresh, chilled, and frozen beef, veal, mutton and goat meat.
[2] All forms, including canned and preserved.
[3] Total beef, veal, pork, lamb, mutton and goat.

U.K. Lard Imports Show Slight Decrease

Lard imports into the United Kingdom showed a 1 percent decrease in the 7 months through July as compared with the same period of 1966. This decline is attributed to the sharp drop in lard shipments from Italy to the United Kingdom—down 95 percent from a year ago.

The United States took a firm step in reestablishing its position as the leading supplier of lard to the British market. During January-July of this year 36 percent of the total imports to the United Kingdom was provided by the United States, whereas a year earlier the U.S. share was only 28 percent.

U.K. LARD IMPORTS BY COUNTRY OF ORIGIN

Country of origin	January-July 1966		1967	
	Quantity	Percent of total	Quantity	Percent of total
	1,000 pounds	*Percent*	*1,000 pounds*	*Percent*
United States	68,824	27.7	88,209	35.9
Belgium	62,006	25.0	62,306	25.3
Romania	18,720	7.5	24,458	9.9
Poland	21,228	8.6	23,129	9.4
Netherlands	12,054	4.9	13,122	5.3
Denmark	16,509	6.7	12,726	5.2
France	13,116	5.3	9,147	3.7
Germany, West	6,685	2.7	7,510	3.1
Sweden	3,492	1.4	2,369	1.0
Bulgaria	3,419	1.4	1,291	.5
Italy	14,600	5.9	709	.3
Switzerland	3,964	1.6	582	.2
Others	3,441	1.3	410	.2
Total	248,058	100.0	245,968	100.0

Source: Henry A. Lane & Co., Ltd.

Belgium continued to be the second leading supplier of lard in 1967 with shipments totaling 62.3 million pounds, accounting for 25 percent of total U.K. imports. Romanian shipments of lard to the United Kingdom showed a 31-percent increase while France and Denmark shipments declined 30 and 23 percent, respectively.

French Prune Pack Down

A cold spring with frost in the producing area limited the 1967 French prune pack to 10,500 short tons, 22 percent below the large 1966 crop of 13,500 tons. However, the upward trend in bearing acreage still resulted in a 1967 pack, 13 percent above average.

FRANCE'S DRIED PRUNE SUPPLY AND DISTRIBUTION

Item	Average 1961-65	1965-66	1966-67	Forecast 1967-68
	Short tons	*Short tons*	*Short tons*	*Short tons*
Beginning stocks (Aug. 1)	1,280	1,300	3,300	3,200
Production	9,260	9,300	13,500	10,500
Imports	5,740	9,000	4,900	6,600
Total supply	16,280	19,600	21,700	20,300
Exports	780	300	1,500	900
Domestic disappearance	13,640	16,000	17,000	17,100
Ending stocks (July 31)	1,860	3,300	3,200	2,300
Total distribution	16,280	19,600	21,700	20,300

Some fruit was scarred by hail in May, but the overall quality is reported good. Fruit size is larger than last year's, and the conversion ratio from green to dried fruit is better than normal.

Imports are expected to increase and exports decline during the 1967-68 season. During 1966-67, imports were almost entirely larger sizes from California. A definite shortage of all sizes may interest importers in a wider range of sizes during 1967-68. Exports during 1967-68 will be hampered by the lack of small sizes normally exported.

FRANCE'S IMPORTS AND EXPORTS OF DRIED PRUNES

Country	Year beginning August 1 1965-66	1966-67
	Short tons	*Short tons*
Imports:		
United States	8,807	4,751
Yugoslavia	126	99
Portugal	30	—
Others	21	5
Total	8,984	4,855
Exports:		
West Germany	—	403
Netherlands	—	272
Italy	—	179
United Kingdom	—	179
Belgium-Lux	—	114
Martinique	42	79
Algeria	130	55
Guadeloupe	23	54
Norway	—	44
Ireland	—	36
United States	—	17
Others	88	48
Total	283	1,480

Larger Portuguese Dried Fig Crop

The 1967 commercial dried fig pack in the Algarve province of Portugal is estimated at 11,000 short tons, 10 percent above last year's crop of 10,000 tons and 3 percent above the 5-year 1961-65 average of 10,700 tons.

Preliminary estimates indicate that 1967-68 season exports will be higher than last season's and average. Most of the increase will be in exports of paste.

PORTUGAL'S COMMERCIAL SUPPLY AND DISTRIBUTION OF DRIED FIGS

Item	Revised 1966-67	Forecast 1967-68
	Short tons	*Short tons*
SUPPLY		
Beginning stocks (Sept. 1)	600	1,500
Production	10,000	11,000
Total supply	10,600	12,500
DISTRIBUTION		
Exports:		
Edible whole	1,100	1,100
Edible paste	3,300	5,500
Industrial	700	800
Total exports	5,100	7,400
Domestic disappearance:		
Edible whole	1,800	1,800
Industrial	2,200	2,200
Total disappearance	4,000	4,000
Ending stocks (Aug. 31)	1,500	1,100
Total distribution	10,600	12,500

Turkish Raisin Crop Larger

Turkey expects the second largest raisin (sultana) pack on record. The 1967 pack is estimated at 120,000 short tons, 48 percent more than the 81,000 tons produced last year and 28 percent more than the 1961-65 average. Late reports from Izmir indicate some rain in the producing area, but give no indication of whether or not the crop has been damaged.

Beginning stocks totaled 36,000 short tons on September 1, 1967, about 1,500 tons more than a year ago. Reports indicate that over two-thirds of carryover is 1965 crop which may possibly be converted into alcohol.

SUPPLY AND DISTRIBUTION OF TURKISH RAISINS

Item	Average 1961-65	1965-66	Preliminary 1966-67	Forecast 1967-68
	1,000 short tons	*1,000 short tons*	*1,000 short tons*	*1,000 short tons*
Beginning stocks (Sept. 1)	3.5	0.5	34.5	36.0
Production	93.9	132.0	81.0	120.0
Imports	—	—	—	—
Total supply	97.4	132.5	115.5	156.0
Exports	74.5	82.3	66.0	80.0
Domestic disappearance	13.7	15.7	13.5	16.0
Ending stocks (Aug. 31)	9.2	34.5	36.0	60.0
Total distribution	97.4	132.5	115.5	156.0

Preliminary data for the 1966-67 marketing season show that Turkish raisin exports of 66,000 tons were down considerably from the 1965-66 total of 82,300 tons and the 1961-65 average. During the first 11 months of the year, the leading export markets were the EEC, the USSR, and the United Kingdom. Exports are expected to rise to about 80,000 tons during the 1967-68 season. A substantial carryout is anticipated in spite of higher exports.

U.S. Cotton Exports Down

During the first month of the 1967-68 marketing year (August-July), the United States exported 244,000 running bales of raw cotton, 28 percent less than the 341,000 bales shipped in the same month of 1966, but 19 percent above the average cotton exports for August during the past five seasons.

U.S. COTTON EXPORTS BY DESTINATION
(Running bales)

Destination	Year beginning August 1				
	Average			August	
	1960-64	1965	1966	1966	1967
	1,000 bales	*1,000 bales*	*1,000 bales*	*1,000 bales*	*1,000 bales*
Austria	23	3	4	(1)	(1)
Belgium-Lux	121	43	52	4	1
Denmark	14	7	8	(1)	1
Finland	17	8	15	1	(1)
France	319	108	163	13	6
Germany, West	269	92	159	19	9
Italy	345	102	263	23	13
Netherlands	110	38	31	2	1
Norway	13	10	10	2	(1)
Poland & Danzig	125	42	78	0	8
Portugal	21	6	1	0	(1)
Spain	74	10	1	(1)	0
Sweden	81	59	71	8	8
Switzerland	74	35	79	8	6
United Kingdom	244	131	153	13	9
Yugoslavia	112	169	139	(1)	0
Other Europe	17	12	11	1	2
Total Europe	1,979	875	1,238	94	64
Australia	61	33	17	(1)	2
Bolivia	7	4	9	0	0
Canada	353	269	297	20	18
Chile	18	3	3	0	0
Colombia	3	57	1	0	0
Congo (Kinshasa)	6	25	34	0	(1)
Ethiopia	9	20	9	0	3
Ghana	1	1	15	0	0
Hong Kong	148	94	183	22	12
India	314	63	289	13	6
Indonesia	40	(1)	161	0	0
Israel	15	5	2	(1)	(1)
Jamaica	4	5	5	(1)	0
Japan	1,192	705	1,293	129	73
Korea, Rep. of	261	301	372	28	37
Morocco	12	12	14	(1)	2
Pakistan	14	6	3	(1)	0
Philippines	123	93	134	12	6
South Africa	41	27	38	2	1
Taiwan	209	178	373	9	13
Thailand	34	55	70	5	4
Tunisia	2	13	15	3	2
Uruguay	6	(1)	0	0	0
Venezuela	8	5	1	0	0
Vietnam, South	46	73	66	(1)	0
Other countries	18	20	27	4	1
Total	4,924	2,942	4,669	341	244

[1] Less than 500 bales.

1967 Cotton Crop Down in Spain

The 1967-68 cotton crop in Spain is not expected to exceed 300,000 bales (480 lb. net), and some observers feel it will fall considerably below that level. This compares with 410,000 bales produced last season.

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According to the Textile Fibers Institute, around 365,000 acres were planted to cotton this season, a reduction of one-third from 1966-67. This is the smallest acreage devoted to cotton in Spain since 1954-55, when area was below 300,000 acres. One of the primary causes of the sharp reduction in cotton acreage this season was farmer dissatisfaction with financial returns from cotton in recent years. A government regulation concerning the 1967 crop was issued in April, including establishment of price support at the level higher than in 1966, but it came too late in the season to affect planting plans already made by many farmers.

Most of the acreage reduction was in nonirrigated areas; therefore, average yields in the current season will likely be higher than the record 371 pounds per acre realized in 1966-67. About 125,000 acres of nonirrigated land was planted to cotton in 1967.

Imports of raw cotton totaled 148,000 bales in the season just finished, a reduction from 285,000 bales in 1965-66. Because of the small crop in the current season, it is likely that imports will rise sharply. All cotton imports are controlled by quota. Already a quota for around 110,000 bales has been granted by the Spanish Government for importation in the 1967-68 season. The importation of this cotton is conditioned on the requirement that low-grade cotton produced domestically be exported. The arrangement allows 1.6 bales of imports for each bale exported. The United States generally is a source for a large proportion of Spain's cotton imports, but in 1966-67 purchases from the United States totaled only about 1,000 bales. Turkey and Egypt were leading suppliers in 1966-67.

Cotton consumption in 1966-67 is estimated at around 600,000 bales, the same as in the preceding season. Mill offtake in the current season is not expected to show much increase.

Belgian Cigarette Production Rises

Cigarette output in Belgium during January-June 1967 totaled 8,866 million pieces—up 14.1 percent from the 7,769 million produced in the first half of 1966. Cigars rose 9.4 percent to 290 million pieces from 265 million, while cigarillos dropped to 487 million from 517 million for the January-June 1966 period. Combined production of all other products, at 7.6 million pounds, was off 1.5 percent from the January-June 1966 level.

Use of tobacco in factories during January-June 1967 totaled 39.0 million pounds, of which cigarettes accounted for 22.7 million, or 58 percent of the total. Last year use of tobacco was 36.5 million pounds, of which 20.8 million went into cigarette manufacture.

Greek Tobacco Exports, First-Half 1967

Exports of Greek tobacco in the period January-June 1967 totaled 84.3 million pounds, compared with 85.9 million in the first half of 1966. Increased shipments this year to the United States and the Soviet Union were not sufficient to offset smaller exports to West Germany.

Total exports of Greek tobacco to the six members of the European Common Market, at 15.8 million pounds, were down sharply from those of January-June 1966 because of the drop in West German takings.

GREEK TOBACCO EXPORTS

Destination	January-June 1966	January-June 1967
	1,000 pounds	*1,000 pounds*
United States	24,610	30,227
Soviet Union	10,287	13,093
Germany, West	18,609	8,973
Poland	7,348	6,418
Egypt	4,330	3,686
Germany, East	4,107	3,234
Czechoslovakia	2,299	2,668
Italy	3,825	2,387
France	1,012	2,164
Belgium	1,287	1,681
Switzerland	584	1,577
Others	7,607	8,215
Total	85,905	84,323

Tobacco Intelligence, London.

U.K. Cigarette Exports Up

Cigarette exports from the United Kingdom are continuing to rise. For the first half of 1967, exports totaled 16.7 million pounds—up 12.8 percent from the 14.8 million pounds recorded in the period January-June 1966.

Kuwait was by far the biggest foreign outlet for British cigarettes in the first half of this year. Exports to that market represented 18 percent of the total. Other principal overseas markets this year included Aden, Hong Kong, and Singapore.